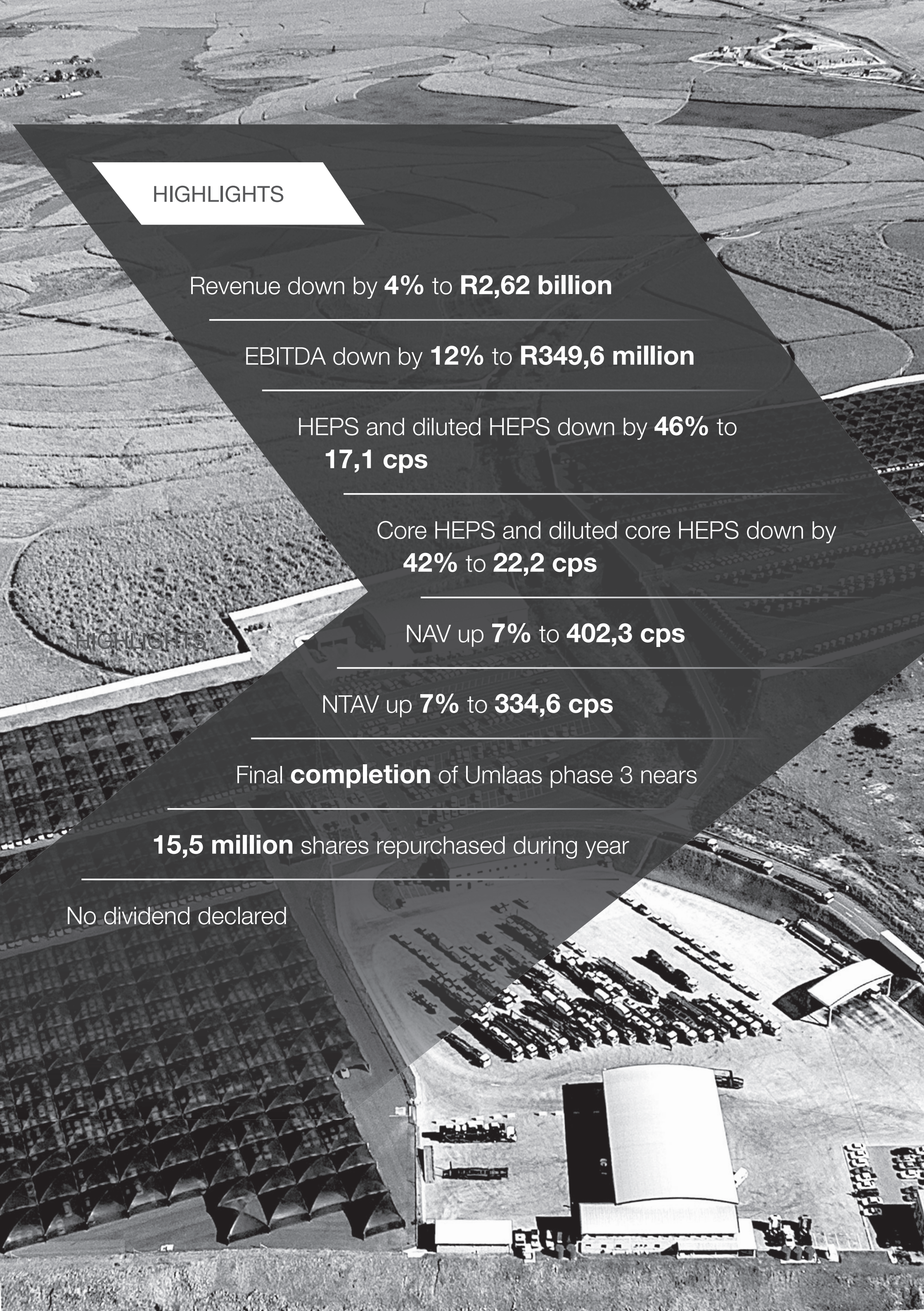
onelogix GROUP

Summary of the audited consolidated results

for the year ended 31 May 2020

ONE TEAM
ONE GOAL

OneLogix Group Limited (Incorporated in the Republic of South Africa)
(Registration number 1998/004519/06) JSE share code: OLG
ISIN: ZAE000026399) ("OneLogix" or "the company" or "the group")



HIGHLIGHTS

Revenue down by **4%** to **R2,62 billion**

EBITDA down by **12%** to **R349,6 million**

HEPS and diluted HEPS down by **46%** to **17,1 cps**

Core HEPS and diluted core HEPS down by **42%** to **22,2 cps**

NAV up **7%** to **402,3 cps**

NTAV up **7%** to **334,6 cps**

Final **completion** of Umlaas phase 3 nears

15,5 million shares repurchased during year

No dividend declared

HIGHLIGHTS

COMMENTARY

For the first time in 11 years OneLogix is reporting a profit decline primarily due to the protracted listless economic environment, and in the latter two months, the ramifications of the worldwide Covid-19 societal lockdown.

The lockdown severely restricted trading for most group businesses with one less affected exception, Jackson, which was deemed an essential service. Comprehensive Covid-19 safety protocols, including re-scheduled work arrangements, have worked well.

Each of the group's 12 businesses have weathered the economic storm, with some achieving a profit improvement, while others remained inherently strong given the circumstances. Emergency lockdown interventions have not compromised the inherent rationale of any of the businesses. Despite an uncertain economic future, we remain convinced that each has a sound underlying business strategy, skilled, resilient and innovative management teams and a strong customer base that will ensure sustainability.

The group's decentralised management structure enabled a swift and effective response to the pandemic lockdown. Right-sizing interventions included freezing non-essential capital and operating expenditure, a re-evaluation of fleet utilisation, salary and wage cost reduction measures, relief measures from suppliers and debt providers and accessing state financial support schemes. Some 5% of staff, mainly in the abnormal logistics segment, were retrenched in the new financial year at a cost of approximately R9 million. The lockdown affected the last two months of group trading and revenue was compromised to the approximate extent of R170 million and profit before tax (excluding property impairments of R5 million) by some R30 million.

The Covid-19 infection rates for the group have been remarkably low and management continues its long-established priority focus on a safe and healthy work environment for all staff.

The impact of the new IFRS 16 Accounting Standard have been implemented during this year. Comparative figures have been restated in order to provide suitable correlating information.

Further to previous reports, the final completion of phase 3 of the successful Umlaas Road logistics hub ("**Umlaas Road Phase 3**") is expected towards the calendar year end at an estimated total cost of R310 million. Total project value at year-end of R208,8 million has been funded by cash resources of R88,8 million and debt finance of R120 million.

The group has entered a sale and leaseback agreement for the Umlaas Road three properties and further details can be found under the Subsequent events and going concern.

The group continued with its share repurchase programme during the year acquiring 15,5 million OneLogix Group shares on the open market at a cost of R48,3 million.

Review of operations

Abnormal Logistics

The vehicle component of this segment consisting of **OneLogix VDS** and **OneLogix TruckLogix** performed as well as could be expected, while **OneLogix Projex** experienced tough trading conditions.

Primary Product Logistics

This segment produced mixed results. **OneLogix Jackson** and **OneLogix Linehaul** performed ahead of expectations, while **OneLogix Buffelshoek** performed well. **OneLogix United Bulk** continued to trade in enervated markets.

Other – Logistics Services

This smaller, non-reportable segment continues to produce good results. **Atlas 360** produced pleasing results, while **OneLogix Cranbourne Panelbeaters** remains a solid business trading in a difficult environment. **OneLogix Cargo Solutions**, now a viable stand-alone clearing and forwarding operation, performed steadily in its evolving niche market and **OneLogix Warehousing** continues to offer value to the group.

Financial results

Revenue decreased marginally by 4% to R2,62 billion during the year (2019: R2,74 billion). Growth was constrained by ongoing difficult trading conditions, the lockdown in April and May and depressed volumes and rates across our businesses, with a significant decline in our cross-border volumes specifically affecting the Abnormal and Primary Product Logistics segments.

Earnings before interest, taxation, depreciation and amortisation charges ("**EBITDA**") excluding equity-settled share-based payments and loss on sale of assets was down 12% from R396,2 million to R349,6 million mainly as a result of margin pressure and reduced cross-border volumes.

During the year owner-occupied properties were revalued by independent valuers in line with the group's accounting policy to revalue properties on a triennial basis. The fair values as determined resulted in an upward revaluation of our Pomona properties by R22 million and an impairment on a property situated in Brakpan of R5 million, with an after tax impact of the revaluation of R17,1 million recognised in other comprehensive income and the R5 million being recognised in operating and administration costs in the income statement.

Trading profit was down 33% from R200,5 million to R135,1 million on the back of reduced EBITDA, the R5 million impairment charge and an increased depreciation charge from last year of 9%, which is in part due to a conservative assessment of useful lives and residual values of depreciable assets in light of prevailing conditions.

Consistent with the comparative period, trading profit was further impacted by a R17,1 million charge (May 2019: R17,3 million) relating to the group's ongoing skills upliftment programme. Most of this charge will be recovered by learnership allowances afforded by SARS. This has contributed to the effective tax charge on profit of 3,5% for the year (May 2019: 16,5%).

Operating profit, excluding capital items, decreased by 34% in line with trading profit to R119,5 million, from R181 million in the previous year.

Net finance costs decreased by 9% to R66,8 million as interest-bearing debt continues to be paid down. Cash balances were on average higher, albeit offset by higher lease liability-related interest. An interest cover on EBITDA of 5,2 times (May 2019: 5,4 times) remains well within our targeted range.

The recent share repurchases have seen a weighted average of 239 898 120 shares in issue at year end, which is 2% less than in the prior year.

The combined effects of the above resulted in earnings per share ("**EPS**") decreasing by 55%, or 17,2 cents, to 14,3 cents.

Headline earnings and diluted headline earnings per share ("**HEPS**") of 17,1 cents was 46% lower given a larger loss on sale of fleet compared to the prior year and the R5 million impairment charge on one of the group's properties.

Core HEPS and diluted core HEPS ("**Core HEPS**") decreased by 42% to 22,2 cents, as the combined share-based payment charge and amortisation of intangible assets related to business combinations was lower than the prior year.

There was no dilutionary effect on Core HEPS in the year as the volume weighted average share price for the period was below the consideration due from the employee participation schemes (to which potential dilution in issued ordinary shares relates). A reconciliation of headline earnings to core headline earnings is provided in the financial results.

Cash generated from operations before working capital changes, net finance costs, taxation and dividends, remained resilient with an 11% decrease to R354,6 million. The prior year's net working capital positive movements of R151,6 million were reversed at year end (May 2020: negative R156,3 million) as those operations which resulted in the positive movement were severely affected due to the lockdown conditions in May 2020.

The group invested R227,2 million in owned operational infrastructure during the year as follows: R155,8 million in property (of which R150,8 million relates to the Umlaas Road Phase 3); R53,5 million in fleet (of which R48,2 million relates to expansion); R14,6 million in IT-related assets; and R3,3 million for other assets.

Interest-bearing borrowings of R333,9 million at 31 May 2020 was more than the prior year's R301 million, mainly due to R120 million of new borrowings raised to partly fund the Umlaas Road Phase 3 development and offset by the continued net paydown of fleet-related borrowings. New fleet-related interest-bearing borrowings raised of R47,4 million were offset by the repayment of fleet-related interest-bearing borrowings of R134,5 million.

The carrying value of interest-bearing borrowings is covered 3,3 times (May 2019: 3,4 times) by the carrying value of property, plant and equipment. The entire debt of the group is related to tangible asset-based finance.

Lease liabilities of R419,4 million at 31 May 2020 were slightly more than the R413,3 million at 31 May 2019 due to lease liability capital payments of R69,9 million offset by new leases entered into of R75 million of which R68,9 million related to leased vehicles and R6,1 million to leased properties.

Dividends paid to shareholders and non-controlling interests amounted to R19,7 million, and R48,3 million was expended on the general share repurchase of OneLogix shares (see "**Share repurchases**") during the year.

Net cash resources at the reporting date amounted to R64,5 million.

The group's financial position at year end and the resources available to the group have successfully reinforced a solid platform to enable the group to navigate the prevailing and expected trying trading environment.

Subsequent events and going concern

Subsequent to year end, Covid-19 lockdown regulations have gradually been lifted to level 2 at the date of this report. Uncertainty remains regarding the timing of the full lifting of lockdown conditions.

Subsequent uncertainty around trading conditions remains and is being closely monitored by the group's management teams.

Despite revenue being below prior year, right-sizing initiatives and cost containment have ensured all group businesses are trading profitably and ahead of budget for the first quarter of the 2021 financial year. Existing covenants with bankers are expected to be met and will be closely monitored on a continual basis.

In addressing the group's going concern, the directors confirm that:

- The group is liquid and solvent;
- The approved budget for the 2021 financial year was prepared with due consideration given to expected impacts of the Covid-19 pandemic;
- All existing debt covenants with lenders are budgeted to be met; and
- The group has sufficient access to asset-based and overdraft facilities or executable liquidity events (primarily the sale on non-core assets), to fund repayment of debt obligations for financial year 2021.

The board is of the opinion that the group has adequate resources and facilities in place to continue trading for the foreseeable future, and deems it appropriate to adopt the going concern basis in preparing the annual consolidated financial statements.

Sale and leaseback of Umlaas Road Phase 3

Umlaas Road Phase 3 is the largest capital investment undertaken by the group. As announced on SENS on 15 September a sale and leaseback agreement for the development has been reached for a consideration of R310 million and its carrying value at disposal date is expected to be a similar amount.

The salient terms of the sale and leaseback agreement are:

- Ten year lease at 10% yield, escalating at 9% per annum;
- Addendum to extending existing lease agreement for adjacent Umlaas Road Phase 1 and 2 properties for an effective further three years to align lease durations for both properties at R31 million per annum (lease payments would have been R32,6 million under existing lease terms);
- Payment of R61 million to the group to settle existing lease premium agreement (which was a minimum of R145 million at end of existing lease); and

- New lease incentive agreement enables the group to receive greater of R120 million or 30% of total Umlaas Road properties at expiry of lease.

The proceeds of the disposal will be utilised to settle a portion of the company's interest-bearing borrowings, improve liquidity, unlock capital and enhance OneLogix's Broad Based Black Economic Empowerment credentials.

The transaction is subject to both shareholder and Competition Commission approval amongst other suspensive conditions and is expected to be effective from 1 December 2020.

Share repurchases

During the year the group repurchased 15 502 829 OneLogix shares on the open market for a cash consideration of R48,3 million. The average acquisition cost amounts to 312 cents per share including transaction costs. These shares represent 6% of the company's issued share capital and 15 475 915 were cancelled and returned to authorised but unissued share capital during the year and the balance of 26 914 were cancelled in July 2020.

Dividend

The board has decided that no dividend will be declared as the prevailing economic circumstances demand particularly circumspect cash resource management. In addition the group has capital commitments relating to the finalisation of the Umlaas 3 development.

People

Despite the disruptive right-sizing process, OneLogix continues to prioritise the building of high quality, high performance teams with an enabling culture. The reward, for the sixth consecutive year, of the international honour of "Top Employer" for 2020 to OneLogix is testament to our success in this regard.

As always, we remain deeply appreciative to all our staff and the management teams who continue to perform at the highest levels of excellence.

We also thank all our business partners, customers, suppliers, business advisors and shareholders for their continued invaluable support.

Prospects

Trading conditions for all group companies are expected to remain particularly difficult for the foreseeable future.

The group has implemented a well-conceived and executed right-sizing operation in response to the pandemic lockdown. Going forward, our strategy remains unaltered. We will continue to focus on extracting maximum efficiencies from existing businesses in order to protect and grow their individual market shares in their respective niche markets. The executive management team maintains full confidence in our experienced, stable management teams with their proven entrepreneurial skills, and fully expects them to continue guiding our businesses through the prevailing unprecedented and tough market conditions. Notwithstanding the difficult market conditions, our tested business models have ensured that each group business remains well-placed within its respective market and is well-equipped to both withstand economic headwinds and to exploit emerging opportunities.

There will be acquisitive opportunities given the severity of the economic difficulties and we will continue to assess these appropriately, together with further start-up opportunities.

Basis of presentation

The summary consolidated financial statements for the year ended 31 May 2020 have been prepared in accordance with the requirements of the JSE Listings Requirements for provisional reports, and the requirements of the Companies Act of South Africa of 2008, applicable to summary financial statements. The JSE Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("**IFRS**"), International Financial Reporting Interpretations ("**IFRIC**") and the financial reporting pronouncements as issued by the Financial Reporting Standards Council containing, as a minimum, the information required by IAS 34: *Interim Financial Reporting*. The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated financial statements, except for the adoption of new standards. The group retrospectively adopted IFRS 16: *Leases*. The application of the standards has had a material effect on amounts reported in prior years and accordingly comparative figures have been restated. These results have been compiled under the supervision of the Financial Director, GM Glass CA(SA).

We aim to present stakeholders with the same information that management utilises to evaluate the performance of the group's operations. Accordingly, we present core headline earnings, which are headline earnings (as calculated based on SAICA Circular 1/2019) adjusted for the amortisation charge of intangibles recognised on business combinations and charges relating to equity-settled share-based payments. Please note that core headline earnings is not an IFRS defined measure.

This summarised report is extracted from audited information but is not itself audited. The auditor, Mazars, has expressed an unmodified opinion on the consolidated financial statements from which these summarised consolidated financial statements were derived. The consolidated annual financial statements and the auditor's report is available at the company's registered office and on the company's website https://onelogix.com/documents/annualResults/OneLogix-year-end-results-booklet-2020.pdf.

Key audit matters identified were the impact of the outbreak of Covid-19 on the going concern assumptions made by management, goodwill valuation, valuation of property, plant and equipment as well as the initial application of IFRS 16.

The directors take full responsibility for the preparation of these provisional summarised consolidated financial statements and for ensuring that the financial information has been correctly extracted from the underlying audited annual financial statements.

The auditor's report does not necessarily report on all of the information contained in this provisional report. Shareholders are therefore advised that to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of their report together with the accompanying financial information from the company's registered office. and on the company's website https://onelogix.com/documents/annualResults/OneLogix-year-end-results-booklet-2020.pdf.

These summarised consolidated financial statements were approved by the board of directors on 17 September 2020. The audited summary consolidated financial statements are available on the company's website www.onelogix.com.

By order of the board

17 September 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	%	Audited at 31 May 2020 R'000	Restated# audited at 31 May 2019 R'000	Restated# audited at 1 June 2018 R'000
ASSETS				
Non-current assets	4	**1 638 024**	1 572 764	1 497 792
Property, plant and equipment		**1 113 424**	1 035 668	1 011 359
Right-of-use assets		**360 980**	369 832	310 115
Intangible assets		**154 308**	159 318	166 707
Loans and other receivables		**5 419**	5 516	8 280
Deferred tax		**3 893**	2 430	1 331
Current assets	(29)	**507 157**	716 804	563 696
Inventories		**28 409**	26 087	23 457
Trade and other receivables		**410 414**	429 914	413 510
Taxation		**3 800**	1 797	2 065
Cash resources		**64 534**	259 006	124 664
Total assets	(6)	**2 145 181**	2 289 568	2 061 488
EQUITY AND LIABILITIES				
Equity	0	**961 605**	958 487	907 903
Ordinary shareholders' funds		**916 225**	918 455	871 374
Non-controlling interests		**45 380**	40 032	36 529
Liabilities				
Non-current liabilities	9	**712 873**	651 256	651 001
Interest-bearing borrowings		**249 214**	172 880	232 529
Lease liabilities		**349 048**	351 048	288 548
Deferred tax		**114 611**	127 328	129 924
Current liabilities	(31)	**470 703**	679 825	502 584
Trade and other payables		**311 987**	485 852	315 964
Interest-bearing borrowings		**84 665**	128 080	137 175
Lease liabilities		**70 375**	62 266	46 066
Taxation		**3 676**	3 627	3 379
Total equity and liabilities	(6)	**2 145 181**	2 289 568	2 061 488
Notes to statement of financial position				
Net asset value per share (cents)	7	**402,3**	377,6	353,2
Net tangible asset value per share (cents)	7	**334,6**	312,1	285,6

 # Restated for the effects of IFRS 16.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	%	Audited year ended 31 May 2020 R'000	Restated# audited year ended 31 May 2019 R'000
Revenue	(4)	**2 622 382**	2 740 092
Operating and administration costs	(3)	**(2 278 896)**	(2 353 084)
Depreciation and amortisation	9	**(223 998)**	(205 973)
Loss on disposal of property, plant and equipment		**(4 247)**	69
Operating profit	(36)	**115 241**	181 104
Net finance costs	(9)	**(66 766)**	(73 544)
Profit before taxation	(55)	**48 475**	107 560
Taxation		**(1 691)**	(17 709)
Profit for the year	(48)	**46 784**	89 851
Other comprehensive income			
Movement in foreign currency translation reserve*		**1 098**	24
Revaluation of land and buildings		**17 072**	–
Total comprehensive income for the year	(28)	**64 954**	89 875
Profit attributable to:			
– Non-controlling interest	(1)	**12 588**	12 661
– Owners of the parent	(56)	**34 196**	77 190
	(48)	**46 784**	89 851
Total comprehensive income attributable to:			
– Non-controlling interest	2	**12 863**	12 661
– Owners of the parent	(33)	**52 091**	77 214
	(28)	**64 954**	89 875
Basic and diluted basic earnings per share (cents)	(55)	**14,3**	31,5

* *The component of other comprehensive income may subsequently be reclassified to profit or loss during future reporting years.*
\# *Restated for the effects of IFRS 16.*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(continued)

Notes to statement of comprehensive income

	%	Audited year ended 31 May 2020 R'000	Restated# audited year ended 31 May 2019 R'000
– Total issued less treasury shares	(6)	**227 730**	243 233
– Weighted	(2)	**239 898**	244 577
– Diluted	(2)	**239 898**	244 577
– Diluted measure for core earnings purposes	(2)	**239 898**	244 577
Earnings per share measures (cents)			
Headline and diluted headline earnings per share (cents)	(46)	**17,1**	31,6
Core headline and diluted core headline earnings per share (cents)	(42)	**22,2**	38,0
Reconciliation of headline earnings and core headline earnings			
Profit attributable to owners of the parent	(56)	**34 196**	77 190
Loss on disposal of property, plant and equipment less taxation and non-controlling interests		**3 161**	57
Impairment of revalued property, plant and equipment less taxation		**3 600**	–
Headline earnings	(47)	**40 957**	77 247
Equity-settled share-based payments		**6 133**	9 199
Amortisation of intangible assets acquired as part of a business combination less taxation and non-controlling interests		**6 097**	6 568
Core headline earnings	(43)	**53 187**	93 014

 # Restated for the effects of IFRS 16.

Analysis of reconciling amounts between earnings, headline earnings and core headline earnings

	Gross amount R'000	Income tax R'000	Non-controlling interest R'000	Net amount R'000
Loss on disposal of property, plant and equipment	**4 247**	**(1 189)**	**102**	**3 160**
Impairment of property, plant and equipment	**5 000**	**(1 400)**	**–**	**3 600**
Equity-settled share-based payments	**6 133**	**–**	**–**	**6 133**
Amortisation of intangible assets acquired as part of a business combination	**9 483**	**(2 655)**	**(731)**	**6 097**

Supplementary information

	%	Audited year ended 31 May 2020 R'000	Restated# audited year ended 31 May 2019 R'000
Depreciation and amortisation			
Depreciation of property, plant and equipment		**(128 450)**	(126 765)
Depreciation of right-of-use assets		**(83 561)**	(66 507)
Amortisation of intangible assets acquired as part of a business combination		**(9 483)**	(10 280)
Amortisation of other intangible assets		**(2 504)**	(2 421)
Total depreciation and amortisation	9	**(223 998)**	(205 973)
Net finance costs			
Interest-bearing borrowings		**(14 995)**	(27 049)
Lease liabilities		**(57 433)**	(51 427)
Finance income		**5 662**	4 932
Total net finance costs	(9)	**(66 766)**	(73 544)

Restated for the effects of IFRS 16.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	%	Audited year ended 31 May 2020 R'000	Restated# audited year ended 31 May 2019 R'000
Net cash generated from operating activities	(79)	**87 672**	414 655
Cash generated from operations before changes in working capital	(11)	**354 554**	396 207
Changes in working capital		**(156 730)**	151 643
Net finance costs		**(67 738)**	(75 851)
Taxation paid		**(22 753)**	(20 888)
Dividends paid		**(19 661)**	(36 456)
Net cash flows from investing activities	88	**(158 979)**	(84 563)
Purchase of property, plant and equipment		**(168 403)**	(106 097)
Borrowing costs capitalised		**(10 471)**	(4 602)
Purchase of intangible assets		**(6 977)**	(5 444)
Proceeds on disposal of property, plant and equipment		**26 775**	28 816
Movement in non-current loans and other receivables		**97**	2 764
Net cash flows from financing activities	(37)	**(124 303)**	(195 774)
Borrowing raised		**126 027**	10 015
Repayment of borrowings		**(133 488)**	(145 575)
Repayment of lease liabilities		**(68 534)**	(47 813)
Shares repurchased		**(48 308)**	(12 401)
Net movement in cash resources		**(195 610)**	134 318
Cash resources at the beginning of the year		**259 006**	124 664
Exchange gain on cash resources		**1 138**	24
Cash resources at the end of the year	(75)	**64 534**	259 006

 # Restated for the effects of IFRS 16.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital net of treasury shares R'000	Retained income R'000	Reserves R'000	Attributable to equity holders R'000	Non-controlling interests R'000	**Total R'000**
At 1 June 2018 – audited	282 445	597 143	7 391	886 979	38 770	**925 749**
Effects of IFRS 16 restatement	–	(15 605)	–	(15 605)	(2 242)	**(17 847)**
Dividends paid	–	(26 931)	–	(26 931)	(9 525)	**(36 456)**
Non-controlling interest acquired adjustment as a result of a business combination final fair values been established	–	–	–	–	368	**368**
Share-based payment reserve movement	–	–	9 199	9 199	–	**9 199**
Shares repurchased and cancelled	–	(12 401)	–	(12 401)	–	**(12 401)**
Profit for the year	–	77 190	–	77 190	12 661	**89 851**
Other comprehensive income	–	–	24	24	–	**24**
At 31 May 2019 – restated audited	282 445	619 396	16 614	918 455	40 032	**958 487**
Dividends paid	–	(12 146)	–	(12 146)	(7 515)	**(19 661)**
Share-based payment reserve movement	–	–	6 133	6 133	–	**6 133**
Shares repurchased and cancelled	–	(48 308)	–	(48 308)	–	**(48 308)**
Profit for the year	–	34 196	–	34 196	12 588	**46 784**
Other comprehensive income	–	–	17 895	17 895	275	**18 170**
At 31 May 2020 – audited	282 445	593 138	40 642	916 225	45 380	**961 605**

SEGMENTAL ANALYSIS

	Total		Abnormal logistics		Primary products logistics		Other		Corporate items	
	Audited year ended 31 May 2020 R'000	Restated# audited year ended 31 May 2019 R'000	**Audited year ended 31 May 2020 R'000**	Restated# audited year ended 31 May 2019 R'000	**Audited year ended 31 May 2020 R'000**	Restated# audited year ended 31 May 2019 R'000	**Audited year ended 31 May 2020 R'000**	Restated# audited year ended 31 May 2019 R'000	**Audited year ended 31 May 2020 R'000**	Restated# audited year ended 31 May 2019 R'000
Revenue	**2 622 382**	2 740 092	**1 131 636**	1 302 501	**1 270 579**	1 212 170	**220 167**	225 421	**–**	–
Operating and administration costs (excluding equity-settled share-based payments)	**(2 272 763)**	(2 343 885)	**(949 367)**	(1 080 420)	**(1 055 882)**	(992 839)	**(192 713)**	(197 863)	**(74 801)**	(72 763)
Depreciation and amortisation (excluding amortisation of PPA intangibles)	**(214 515)**	(195 693)	**(90 287)**	(87 536)	**(113 377)**	(97 834)	**(10 254)**	(9 850)	**(597)**	(473)
Trading profit	**135 104**	200 514	**91 982**	134 545	**101 320**	121 497	**17 200**	17 708	**(75 398)**	(73 236)
Equity-settled share-based payments	**(6 133)**	(9 199)	**–**	–	**–**	–	**–**	–	**(6 133)**	(9 199)
Amortisation of PPA intangibles	**(9 483)**	(10 280)	**(357)**	(357)	**(8 375)**	(9 172)	**(751)**	(751)	**–**	–
(Loss)/profit on disposal of property, plant and equipment	**(4 247)**	69	**694**	(423)	**(5 075)**	(47)	**134**	536	**–**	3
Operating profit	**115 241**	181 104	**92 319**	133 765	**87 870**	112 278	**16 583**	17 493	**(81 531)**	(82 432)
Net finance costs	**(66 766)**	(73 544)	**(32 336)**	(33 556)	**(41 758)**	(42 187)	**(1 329)**	(3 526)	**8 657**	5 725
Profit before taxation	**48 475**	107 560	**59 983**	100 209	**46 112**	70 091	**15 254**	13 967	**(72 874)**	(76 707)

	Audited at 31 May 2020 R'000	Restated# audited at 31 May 2019 R'000	**Audited at 31 May 2020 R'000**	Restated# audited at 31 May 2019 R'000	**Audited at 31 May 2020 R'000**	Restated# audited at 31 May 2019 R'000	**Audited at 31 May 2020 R'000**	Restated# audited at 31 May 2019 R'000	**Audited at 31 May 2020 R'000**	Restated# audited at 31 May 2019 R'000
Total assets	**2 145 181**	2 289 568	**972 668**	919 552	**955 939**	985 024	**191 759**	154 549	**24 815**	230 443
Total liabilities	**1 183 576**	1 331 081	**484 814**	476 713	**522 057**	562 046	**154 793**	251 269	**21 912**	41 053

 # Restated for the effects of IFRS 16.

IMPACT OF NEW ACCOUNTING STANDARDS

IFRS 16: ***Leases***

The adoption of IFRS 16 introduces a single, on-balance sheet lease accounting methodology for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a corresponding lease liability representing its obligation to make lease payments. The group has not capitalised short-term leases or leases of low-value assets.

Leases in which the group is a lessee

The group recognises right-of-use assets and associated lease liabilities for its operating leases of vehicles and properties. The nature of expenses related to those leases changed as the group now recognises a depreciation charge for the right-of-use assets and interest expense on the lease liabilities. Previously, the group recognised operating lease expenses on a straight-line basis over the term of the leases.

The group has implemented IFRS 16 from 1 June 2019, using the full retrospective approach, therefore comparative information has been restated. Overall cash outflows associated with the adoption of IFRS 16 does not change.

The group has applied the following practical expedient as permitted by IFRS 16:

- Leases with remaining lease terms shorter than 12 months were not capitalised but accounted for in the same way as short-term leases and costs associated with these leases are shown as part of short-term lease expenses

The effect in the financial statements is summarised on the following pages.

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 May 2019			As at 1 June 2018		
	As previously reported R'000	Adjustment R'000	Restated R'000	As previously reported R'000	Adjustment R'000	Restated R'000
ASSETS						
Non-current assets	**1 202 932**	**369 832**	**1 572 764**	1 187 677	310 115	1 497 792
Property, plant and equipment	**1 035 668**	**–**	**1 035 668**	1 011 359	–	1 011 359
Right-of-use assets	**–**	**369 832**	**369 832**	–	310 115	310 115
Intangible assets	**159 318**	**–**	**159 318**	166 707	–	166 707
Loans and receivables	**5 516**	**–**	**5 516**	8 280	–	8 280
Deferred tax	**2 430**	**–**	**2 430**	1 331	–	1 331
Current assets	**720 116**	**(3 312)**	**716 804**	564 572	(876)	563 696
Inventories	**26 087**	**–**	**26 087**	23 457	–	23 457
Trade and other receivables	**433 226**	**(3 312)**	**429 914**	414 386	(876)	413 510
Taxation	**1 797**	**–**	**1 797**	2 065	–	2 065
Cash resources	**259 006**	**–**	**259 006**	124 664	–	124 664
Total assets	**1 923 048**	**366 520**	**2 289 568**	1 752 249	309 239	2 061 488
EQUITY AND LIABILITIES						
Equity	**991 599**	**(33 112)**	**958 487**	925 749	(17 846)	907 903
Ordinary shareholders' funds	**947 966**	**(29 511)**	**918 455**	886 979	(15 605)	871 374
Non-controlling interests	**43 633**	**(3 601)**	**40 032**	38 770	(2 241)	36 529
Liabilities						
Non-current liabilities	**313 085**	**338 171**	**651 256**	369 394	281 607	651 001
Interest-bearing borrowings	**172 880**	**–**	**172 880**	232 529	–	232 529
Lease liabilities		**351 048**	**351 048**	–	288 548	288 548
Deferred tax	**140 205**	**(12 877)**	**127 328**	136 865	(6 941)	129 924
Current liabilities	**618 364**	**61 461**	**679 825**	457 106	45 478	502 584
Trade and other payables	**486 657**	**(805)**	**485 852**	316 552	(588)	315 964
Interest-bearing borrowings	**128 080**	**–**	**128 080**	137 175	–	137 175
Lease liabilities		**62 266**	**62 266**	–	46 066	46 066
Taxation	**3 627**	**–**	**3 627**	3 379	–	3 379
Total equity and liabilities	**1 923 048**	**366 520**	**2 289 568**	1 752 249	309 239	2 061 488
Notes to statement of financial position						
Net asset value per share (cents)	**389,7**	**(12,1)**	**377,6**	359,5	(6,3)	353,2
Net tangible asset value per share (cents)	**324,2**	**(12,1)**	**312,1**	291,9	(6,3)	285,6

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	As at 31 May 2019		
	As previously reported R'000	Adjustment R'000	Restated R'000
Revenue	2 740 092	–	2 740 092
Operating and administration costs	(2 449 817)	96 733	(2 353 084)
Depreciation and amortisation	(139 466)	(66 507)	(205 973)
Profit on disposal of property, plant and equipment	69	–	69
Operating profit	150 878	30 226	181 104
Net finance costs	(22 117)	(51 427)	(73 544)
Profit before taxation	128 761	(21 201)	107 560
Taxation	(23 645)	5 936	(17 709)
Profit after taxation	105 116	(15 265)	89 851
Other comprehensive income			
Movement in foreign currency translation reserve*	24	–	24
Total comprehensive income for the year	105 140	(15 265)	89 875
Profit attributable to:			
– Non-controlling interest	14 020	(1 359)	12 661
– Owners of the parent	91 096	(13 906)	77 190
	105 116	(15 265)	89 851
Total comprehensive income attributable to:			
– Non-controlling interest	14 020	(1 359)	12 661
– Owners of the parent	91 120	(13 906)	77 214
	105 140	(15 265)	89 875
Basic and diluted basic earnings per share (cents)	37,2	(5,7)	31,5

* *The component of other comprehensive income may subsequently be reclassified to profit or loss during future reporting years.*

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

Notes to statement of comprehensive income

	As at 31 May 2019		
	As previously reported R'000	Adjustment R'000	Restated R'000
Number of shares in issue ('000)			
– Total issued less treasury shares	**243 233**	–	**243 233**
– Weighted	**244 577**	–	**244 577**
– Diluted	**244 577**	–	**244 577**
– Diluted measure for core earnings purposes	**244 577**	–	**244 577**
Earnings per share measures (cents)			
Headline and diluted headline earnings per share (cents)	**37,3**	**(5,7)**	**31,6**
Core and diluted core headline earnings per share (cents)	**43,7**	**(5,7)**	**38,0**
Reconciliation of headline earnings and core headline earnings			
Profit attributable to owners of the parent	**91 096**	**(13 906)**	**77 190**
(Profit)/loss on disposal of property, plant and equipment less taxation and non-controlling interests	**57**	–	**57**
Headline earnings	**91 153**	**(13 906)**	**77 247**
Equity-settled share-based payments	**9 199**	–	**9 199**
Amortisation of intangible assets acquired as part of a business combination less taxation and non-controlling interests	**6 568**	–	**6 568**
Core headline earnings	**106 920**	**(13 906)**	**93 014**

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	As at 31 May 2019		
	As previously reported R'000	Adjustment R'000	Restated R'000
Net cash generated from operating activities	366 842	47 813	414 655
Cash generated from operations before changes in working capital	299 474	96 733	396 207
Changes in working capital	149 136	2 507	151 643
Net finance costs	(24 424)	(51 427)	(75 851)
Taxation paid	(20 888)	–	(20 888)
Dividends paid	(36 456)	–	(36 456)
Net cash flows from investing activities	(84 563)	–	(84 563)
Purchase of property, plant and equipment	(106 097)	–	(106 097)
Borrowing cost capitalised	(4 602)	–	(4 602)
Purchase of intangible assets	(5 444)	–	(5 444)
Proceeds on disposal of property, plant and equipment	28 816	–	28 816
Movement in non-current receivables	2 764	–	2 764
Net cash flows from financing activities	(147 961)	(47 813)	(195 774)
Borrowings raised	10 015	–	10 015
Repayment of borrowings	(145 575)	–	(145 575)
Repayment of lease liabilities	–	(47 813)	(47 813)
Share repurchases	(12 401)	–	(12 401)
Net movement in cash resources	134 318	–	134 318
Cash resources at the beginning of the year	124 664	–	124 664
Exchange gain/(loss) on cash resources	24	–	24
Cash resources at the end of the year	259 006	–	259 006

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Directors
LJ Sennelo (Chairperson)*#
NJ Bester
GM Glass (FD)
AJ Grant*#
IK Lourens (CEO)
CV McCulloch (COO)
IM Pule*#
KV Ratshefola*#
K Schoeman*
* *Non-executive* # *Independent*

Registered office
46 Tulbagh Road
Pomona
Kempton Park

PostNet Suite 10
Private Bag X27
Kempton Park
1620

Company secretary
CIS Company Secretaries (Pty) Ltd
Rosebank Towers
15 Biermann Avenue
Rosebank
2191

PO Box 61673
Marshalltown
2107

Transfer secretaries
Computershare Investor Services (Pty) Ltd
Rosebank Towers
15 Biermann Avenue
Rosebank
2191

PO Box 61051
Marshalltown
2107

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